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New London situation and labor problems

[New York]

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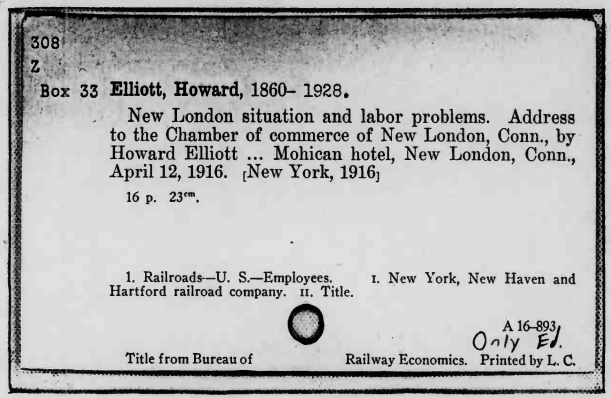

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Box 33

NEW LONDON SITUATION
AND
LABOR PROBLEMS

Address

to the

Chamber of Commerce of New London, Conn.

by

HOWARD ELLIOTT
Chairman of the Board and President

of

The New York, New Haven & Hartford
Railroad Company

Mohican Hotel, New London, Conn.
April 12, 1916

Mr. Toastmaster, Mr. Mayor, President, Ladies and Gentlemen of New London and Members of the New London Chamber of Commerce:

It is a great pleasure to be allowed to participate in an occasion like this. I confess when I received the letter from Mr. Chappell I did not know that I was to meet so many "Elizabeths" (laughter) and I have a good deal of hesitation in trying to keep up with them.

New London is not entirely unknown to me because one summer long before I expected to live in this part of the country my family spent the season at Fisher's Island, and I was there many times. Then, too, I have two "Elizabeths" in my own family, both of whom have had the benefit of good Connecticut training at Farmington. Then again I am interested in participating in any celebration concerning so good an institution as the Connecticut College for Women, because, for one reason, I have been associated with Harvard University. I served one term there as an overseer and know something of Radcliffe. I have come to New London several times as a Harvard man and have looked, I confess, at the river of late years with very little satisfaction (laughter.) Yet it is very pleasant to be here and tell you a little about what we of the New Haven are trying to do as well as something of our relations to New London.

New Haven's Interest in New London.

The President of your Chamber of Commerce spoke of going forward, and that is, of course, what we must strive to do. He also spoke of our new organization here—Mr. Litchfield and his assistants. It may interest you to know that we found the volume of our business and the pressure upon us in our efforts to do it in a better way so important that we established a divisional headquarters here; this, in order to give closer at-

tention to the business of the company in this part of the country. We have now living here and at Midway, mostly in New London, some 564 men, quite a tidy number of employes (applause); with a payroll of between $40,000 and $50,000 a year. You know, because you live here, better than I how serious are the conditions on the waterfront.

When I was asked to come to the New Haven Road and I began to look over the situation it seemed to me that this city was one of the points where it would be possible to make many improvements; and that we ought to begin the work. You probably do not realize the great burden resting upon Mr. Litchfield and the men assisting him in the work of moving the trains of the company between the points west of New London, through New London and across the bridge through the Midway Yard and on their way. I have taken a sample day as an illustration of this work (I am told it is not an unusually large day; in fact, a normal day), and on that day there were 171 train movements across that single-track bridge, or a train on an average of every nine minutes. In order to do that work it means very careful operation on the part of many men, and a weak single-track bridge is a barrier to the very growth and the going forward movement of which the President of the Chamber of Commerce has spoken. We have had numerous examinations of this situation, some before I came with the company and some since, and as a result we have adopted a plan and have made a contract for putting down foundations for a four-track bridge, upon which we hope to place a two-track superstructure but with room on the piers and abutments for two more tracks at some future time. We are in the same position as Mr. Sykes is as to his college, our facilities are inadequate—we cannot increase them without money. He says he needs funds and I can well understand his situation, because at Harvard, too, the constant cry is for more money.

Funds and Co-operation Required.

The problems as to facilities and funds are of vital importance to this forward movement, in which the New London Chamber of Commerce, the State of Connecticut, and New England are interested. Without funds there is always danger that this freight embargo, of which President Sykes speaks, may recur from time to time, and I am led to speak, as briefly as possible, of some of the difficulties that confront a great transportation machine like ours which is striving to serve a large and critical public, and also to speak of the co-operation of which the President of the Chamber of Commerce has spoken. Without co-operation we cannot serve you, we cannot prevent these congestions and we cannot get funds with which to cure the difficulties.

Many of you, no doubt, are merchants and manufacturers and have experienced the difficulties of the last three or four months and wondered why they existed, and have not unnaturally blamed the managers and the men of the railway. I think I can assure you, however, that no one has felt more keenly the disabilities of the road than we who are charged with the high public duty of trying to serve three sets of people; the public who want to use our facilities; the employes, who draw their livelihood from the operation of the plant, and the owners, who are justly entitled to a return upon the money they put into it. It has been a serious struggle and it must continue so for some time to come, and we need your co-operation.

One who does not know about the railway business is apt to say the road is short of cars or it is short of motive power—that is the easiest explanation of difficulties on the road. Everyone sees a car or an engine running; but that is not always the trouble; in fact, very often it is not the trouble at all. The difficulty this winter has been that there have been too many cars and many of the people who owned the freight moved into New England in these cars have not done their part in relieving the congestion. A car is of absolutely no use

to serve New England, to serve Connecticut, to serve New London, unless it can perform its proper function, namely, of moving from point to point, to be loaded promptly at one point, move to the next and unloaded promptly and go on its way as a vehicle and not used as a storehouse.

The Congestion Problems. I have here a statement which is typical of a situation that has existed throughout New England for the last hundred days. This statement shows why the merchants and manufacturers, chambers of commerce and boards of trade should be vitally interested in understanding actual conditions and in helping to remedy them. Even if we had funds with which to make many needed improvements in our plant, that fact would not cure the difficulties from which New England has been suffering during the last hundred days. The men who own the freight must create additional facilities if they are to help New England and increase its business more and more and uphold its premier position as a manufacturing section of the United States. This statement shows, and it is an average statement, that at about twenty more or less important points throughout New England there has been trouble in getting freight released. At those points on the day in question there were 6,600 carloads of freight placed ready to unload, so that the owner of the freight could take it out of the car and release the car, and by so doing the road could return the car to Pennsylvania or some other state and have it reloaded. Out of the 6,600 cars—what did the owners of the freight do on that particular day? They unloaded 3,300 cars, or just one-half the number the road had placed ready for them. In other words, their capacity for unloading and for putting in warehouse was only one-half of that which was necessary in order to release those cars. In the meantime there were nearly 13,000 other cars standing in the railway yards at those same points waiting to be placed upon the tracks occupied by those 6,600 cars, but which could not be placed until those 6,600 cars had been unloaded. So I say until the New England manufacturer, merchant and dealer adds to his warehouses and adds to his teaming facilities, either by motor truck or horse vehicles, it will defeat the increase in the volume of business, even if we can get the funds to improve our facilities.

Influence of Commercial Bodies Sought. This is where these chambers of commerce and these boards of trade can be of tremendous assistance in realizing the situation, because every time a car is tied up twenty-four hours longer than it should be you decrease the capacity of this great railway to serve you to-morrow and your neighbor the next day. Another point, many times a shipper or manufacturer in ordering goods, instead of ordering a full carload, will order a small carload and we move a vehicle—a wagon, that is what a car is—with only half a load, and therefore waste the capacity of that car. You may think I am pleading solely for the railways, but that is not so.

New England's Peculiar Situation. New England is peculiarly situated. We are off here in the northeast corner of the country—we have built up a wonderful manufacturing business against many odds and must bring in raw materials and fuel, and, in turn, ship out the finished product. In order to maintain New England's supremacy in the manufacturing business it is absolutely essential that every element entering into that manufacturing business be operated at the highest efficiency. If you think it is better to not use the railway to its highest efficiency because temporarily it may help you in your warehouse, or in your coal yard, you weaken the efficiency of the machine as a whole. It should be to the interest of all in Connecticut and all in New England to so adjust their business affairs that in co-operation with the railway the greatest efficiency in this transportation machine could

be obtained. If that is not done we introduce another difficulty into the solving of this industrial problem and imperil the competition of New England as a manufacturing territory with the middle west and the south.

Huge Sums Poured into the Railways.

I come now briefly to the question of funds. We cannot get money to run the railway except from hauling freight and passengers, and we cannot have any money left over except by marked efficiency and by saving, and to a limited extent by borrowing—and it is very difficult to borrow, because the course of the nation in the last fifteen years has been such as to discourage people investing in the railway business. Since July 1, 1907, the nation has fixed the method of keeping railway accounts. You can therefore make an absolute comparison for the last eight years, and in that eight-year period the railways have put $4,800,000,000 new money into the business in order to create facilities for handling passengers and property; an enormous sum of money. At the end of that time they earned $21,000,000 less than they did in 1907—before they put in the $4,800,000,000. You can thus see there has been very little encouragement in the last eight years for investment in railway property. Here again is where you gentlemen can co-operate to shape the public thought of the United States in the direction that these great carriers shall receive sufficient nourishment and go on and spend another $4,800,000,000, and more than that; $10,000,000,000 at least should be spent in the next ten years.

This new bridge over the Thames in which you are interested and which is vital to the welfare of New England means an expenditure of $2,500,000, and when it is finished, if the money can be obtained, almost as large a sum again should be spent for carrying the tracks through New London on an elevated structure (applause) to cure the very deplorable situation on the waterfront. This matter is, I say, vital and it needs your co-operation, especially now when there is a shadow falling across the

whole course of the business of the railways of the United States, and this shadow may fall on the business of every man and woman in the United States.

Labor's Big Demands.

Undoubtedly the public does not relish the prospect of a great strike. They do not want a paralysis of transportation when business is reviving. That the railways have been pretty well disciplined by misfortune is quite generally believed. Until recently they have had poor business for several years. They have made advances in wages and their expenses have been increased by conforming to national and state regulation and by higher prices of railway material. They need, but cannot get, money for extensions and improvements. Now, organized labor makes a demand that the present ten hours' pay be for an eight-hour day. This shorter day would cost the railways and eventually the public at least $100,000,000 a year.

Naturally the citizen looks to arbitration as a means of avoiding a great strike. But it is stated that the Brotherhoods have declared against arbitration.

If the railway systems are tied up the country's business will come to a standstill. Merchants, manufacturers and consumers will suffer. Labor will lose wages it will never recover. The country is heavily dependent upon the railways. If the railways make the increases demanded they must have better rates for their services. If they cannot increase rates the increased payroll will result in no net earnings to justify investment in securities for expansion. A strike just now on the railways would be a national disaster, from which labor would not be exempt. Organized labor is a mighty power, of course, but it is not supreme. The railways are a mighty power, but they have been severely chastened in late years. Organized labor should not become too arbitrary, as there are indications that the public would like to chasten that power too. The public want industrial peace.

Commercial clubs and business men's organizations of various kinds in many states throughout the United States have adopted resolutions protesting against a strike on the part of the railway train-service employees to enforce this demand for an increase in wages. Resolutions adopted by the Chamber of Commerce of the United States, the Chicago Association of Commerce, Business Men's League of St. Louis and the St. Paul Association of Commerce are notable in this respect. Other more or less similar resolutions urging arbitration as the means of settling the controversy have been adopted by other commercial clubs and by meetings of business men.

The New England Chambers of Commerce, Boards of Trade, your own organization, all bodies in which business men are represented, should take similar action; should protest against increased wages at this time of world crisis, should protest against the eight hours a day at a time when the nation needs the most from every man—not the least.

The newspaper press of the country is vitally, or should be vitally, interested in the outcome of this movement. Public opinion is moulded largely through the columns of our public press. Our editors know full well that an eight-hour basic scale for the the railways would be disastrous to the progress and eventual supremacy of our country as a commercial nation. Especially would this be the case with the close of the European War, when the belligerent nations, in efforts to rehabilitate themselves, will be eager and hungry to work ten, twelve and even more hours a day for the purpose of competing with the business men and manufacturers and all engaged in commerce in the United States.

The public, the law-makers and the Government should take more interest than they appear at present to display in this very important question presented to the railways of the country by these employees. This is one of the big issues of the year. It is fraught with great importance to the entire nation.

Labor Situation Most Vital Problem of the Day.

The most serious problem before the American people to-day and of equal, if not greater, importance than the European War, the Mexican situation and preparedness, important as these questions may be, is the great economic one of the high cost of living and the relation of labor and capital to that problem. The railways are at their wits' end to meet the problem of increasing wages. What is to be done? If the railways meet the demands it means bankruptcy for many and a halt in the work of increasing their facilities. If they do not meet the demands it means strikes. To tie up the railways by strikes at this time would bring untold calamity to business in general. To pay the increased wages without a further advance in rates spells ruin to the railways and to advance rates puts an additional burden upon the people.

The New York *World*, speaking of the situation, says editorially:

> "The 400,000 conductors, engineers, firemen and trainmen employed on the railroads of the country have presented new hour and wage demands following those settled by arbitration only a short time ago. These demands are for a readjustment of their wage schedules on the basis of an eight-hour day and time and a half pay for work over eight hours.
>
> "What the railroads demand by way of the preliminary reply issued yesterday is an 'open-door'—a full and open discussion of the whole matter.
>
> "This is a wholly reasonable proposal. The trainmen are employed in what is virtually a public service. Their claims are affected with a public interest. The roads themselves are under public regulation as to their charges. The trainmen cannot fairly claim exemption from public enlightenment and opinion in respect to the reasonableness of their charges for service which are finally paid by the public. Back of their demands is the threat of a strike

which would tie up all the roads and paralyze the business of the whole country. If this is not a public issue, what is?

"The case therefore calls for the fullest presentation. Both sides should place all their cards face up on the table where the public can see them."

Dr. Charles R. Van Hise, President of the University of Wisconsin, who was chairman of the Board of Arbitration which decided the issue between the locomotive engineers and the management of the western railways in 1912, in submitting the majority report drew conclusions regarding the public necessity of making strikes impossible and the need of government regulation of wages. He said:

"From the viewpoint of the public it is an intolerable situation when any group of men, whether employees or employers, whether large or small, have the power to decide that the whole country shall undergo great loss of life, unspeakable suffering and the loss of property beyond the power of description, through the stoppage of a necessary public service.

"For the public utilities, however, there are not only two parties to the controversy—the railroads and the employees—but a third, the public. As already mentioned, the railroads, one of the parties to the controversy, are subject to national and State commissions, which commissions are entrusted with the special duty of protecting the public interests. Advances in rates cannot be made without the consent of the proper commissions. The railroads are not only subject to the commissions in rates, but are subject to them in regard to maintaining adequate service. The employees of the railroads are not subject to control through commissions; although in common with all organizations they are influenced by public opinion."

The New York *Times* says editorially:

"What a railroad sells is a capacity to effect transportation; and what the public buys is the use of that capacity and not the means itself. All the money a railroad spends, whether for labor, capital, materials, intelligence or terminal structures, is directly or indirectly for the purpose of producing train miles. All the money a railroad takes in is for passenger and ton miles. A railroad does not sell its trains; it sells only their capacity. What it gets from passengers and tons which occupy that capacity is out of its control entirely. Rates are made by State laws or by the Interstate Commerce Commission. Unable to control its income, the railroad has all the greater reason to look to the cost of its train miles, that is, to the control of its outgo. If it should lose control of its outgo, having already lost control of its income, it would obviously be in a parlous condition, but exactly that is taking place."

"The largest factor of cost in the production of train miles is wages, and it is becoming altogether uncontrollable. The men engaged in train service demand with increasing frequency more pay for less time, under threat of going on strike. They are persuaded at the last moment to accept arbitration, and invariably the matter is compromised. The men get less than they demanded, but more than the railroads were willing to give. Less than two years ago that last occurred. Now 400,000 men are again threatening the country with a calamity that cannot be allowed to happen, and in order to prevent the railroads from putting in counter-proposals, as they did in 1914, the unions lay down flatly that only the proposals which they themselves present are open to discussion. Any that the railroads may wish to present are declared beforehand to be undeserving of consideration by the unions."

John V. Farwell, one of Chicago's greatest merchants, says:

"Transportation and credit are the life blood of commerce. Stop either of them and the industries of the country would quickly die. Check them and business everywhere would feel the stagnating effect. The whole scheme of production and merchandising in operation to-day would be impossible without our rapid, efficient and cheap railway transportation and our highly and excellently organized credit system.

"The money that the railroads collect for their services is expended for a variety of purposes. The largest single item of expenditures is for wages. Statistics show that 63 cents out of every dollar paid out by the railroads goes to meet the payroll. Aside from the wages, the cost of equipment and other improvements, taxes, pensions and interest upon indebtedness account for some of the larger expenditures. If anything is left over after costs have been met it goes to the creation of a reserve fund or in dividends to pay stockholders for the use of their capital.

"As the people have a right to demand adequate facilities, they also have the right to demand that no body of men, whether railroad officials or labor union leaders shall create conditions which will make such a demand difficult of realization.

"The point that I wish to make and to emphasize with all my power is that since this question of adding $100,000,000 a year, more or less, to the railway wage bill is one that directly concerns the whole body of the American people, the public must have a voice in its decision.

"The railways are public servants. The employes are quasi-public servants. They alone cannot be allowed to determine issues involving a public utility of such importance. The railway managers cannot be allowed to decide them, nor can the two together be permitted to adjust their differences

without consulting the public's interests. The public must, and in my judgment surely will, be in favor of moving toward a solution which will make the transportation factor in commerce as free from destructive disturbances as the Federal Reserve Act has made our vast system of credit."

A few days ago I received a letter which I considered very important, inasmuch as it touches a vital point in this labor movement. It reads as follows:

"New York, N. Y., April 6th, 1916.
"2296 Amsterdam Avenue.

"Mr. Howard Elliott, President,
"New York, New Haven and Hartford Railroad Co.

"Dear Sir: For the past twenty-three years I have worked in the grocery business from fourteen to fifteen hours per day and all the money I have saved in that time, about $6,000, I have invested in different railroad stock in the United States.

"It now looks to me as if the railroad employes are going to take my life savings from me and my family.

"Since the government is undertaking to protect the shippers of merchandise and the traveling passengers, I now believe it is up to the government to protect the people that have invested their hard-earned savings in railroads.

"Very respectfully,
"John F. Miller."

The Railway Business Association, in its very latest bulletin, tells of the evils of conflicting legislation by the various States and criticizes the general failure to protect the railways. It says:

"National industry and agriculture are under the dead weight of a transportation system which cannot grow with the country's needs because the government protects the individual shipper but does not undertake to protect the individual railroad.

"The re-establishment of railway credit and railway purchasing power would be the most effective insurance policy in which the American people could invest for resisting the industrial shock which many think will follow peace in Europe and the cessation of munitions manufacture in this country."

Ladies and gentlemen, you are meeting to-night to consider a most important movement—the training of young girls who mean so much to the welfare of this country. I did not know when I came in this evening that the occasion was to be of just this kind, so perhaps my talk is a little more along material lines than it should have been. But the matters I have brought to your attention are so important to the whole nation that I wanted to bespeak your thoughtful consideration, both men and women, for this great question of adequate transportation facilities. The subject is the foundation of the future and upon it rests the continued growth of the United States. Moreover, it is at the foundation of adequate national defense. The railways are very much overtaxed now, and should they be burdened with the additional work of hauling troops and supplies they would not be equal to the load.

I have taken more time, Mr. Toastmaster, than I intended; the subject is very near to my heart, because it means so much to New England. The only reason many of us are in this trying railway business is our interest in the effort to work out its problems in order to help the people and the country we are trying to serve. We believe that we can and will work them out if we secure the co-operation of which your toastmaster spoke and if the people of New London, the people of Connecticut, the people of New England and the people of the United States realize, before it is too late, the seriousness of the problems that now confront us.

I thank you very much.

(Prolonged applause.)

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